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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 17

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Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

PROCUREMENT SECTION
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MARKET SUMMARY - FEBRUARY 1973

The Chattanooga Order MINIMUM uniform producer price is \$7.10 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 90 cents above February 1972 and an increase of 20 cents above January 1973.

In February 1973, 78.2% of producer milk received by pool plants was priced in Class I at \$7.56 per cwt. and 21.8% was priced in Class II at \$5.45 per cwt. for milk testing 3.5% butterfat. The February handlers butterfat differential for Class I was 8.1 cents and Class II was 7.8 cents.

Total producer milk received at pool plants during February 1973 was 34,375,232 pounds which is a decrease of 1,275,303 pounds or a daily average decrease of 0.1% compared with February 1972. The February daily average deliveries from 745 producers was 1,648 pounds. This compares to 761 farms delivering a daily average of 1,615 pounds per day during February 1972.

USDA ANNOUNCES DAIRY SUPPORT PROGRAM

Acting Secretary of Agriculture J. Phil Campbell announced March 8, 1973 that the support level of manufacturing milk will be \$5.29 per hundredweight, as compared to the present level of \$4.93. The new level will be effective March 12 and for the marketing year beginning April 1.

The law requires that milk be supported at such a level between 75 and 90 percent of parity as the Secretary determines necessary to assure an adequate supply. The Secretary has determined that the support rate of \$5.29 will assure an adequate supply. This level of support is estimated to be 75 percent of parity on April 1, 1973, the minimum required by law. The support rate of \$4.93 had been in effect since April 1, 1971.

In addition, Mr. Campbell announced changes in the prices to be paid for dairy products by the Commodity Credit Corporation (CCC) to carry out the milk support level, and encourage increased cheese production and increased butter consumption. CCC's buying price for cheese will increase 7.25 cents per pound to 62.0 cents, the butter price will be reduced by 6.75 cents to 62.0 cents, and nonfat dry milk will be increased by 5.8 cents to 37.5 cents. Market prices of cheese and nonfat dry milk will not be increased by this action since they are presently above the newly announced prices. Mr. Campbell pointed out that the relatively strong increase in the price CCC will pay for cheese was made in order to encourage cheese production in the face of increasing consumer demand. Wholesale butter prices are expected to decline, resulting in lower prices to consumers.

Today's announcement also called attention to a parallel action by President Nixon requesting the U. S. Tariff Commission to investigate the need for a temporary increase in cheese import quotas. These actions are consistent with the Administration's efforts to solve the food price problem by increasing supplies, which is the most effective way to restrain increases in food prices.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

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	<u>% Feb. '73</u>			
	<u>Over</u>	<u>Feb.</u>	<u>Jan.</u>	<u>Feb.</u>
	<u>Feb. '72</u>	<u>1973</u>	<u>1973</u>	<u>1972</u>
Number of Plants - Pool		6	6	7
- Non-Pool		12	12	14
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 0.1	1,227,687	1,202,581	1,229,329
Other Source	-18.0	39,272	37,324	47,906
Other Federal Orders	-59.6	48,324	61,384	119,736
TOTAL MILK RECEIPTS	- 5.8	1,315,283	1,301,289	1,396,971
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 4.1	480,745	483,046	461,833
Skim	+15.4	25,579	24,154	22,170
2% Milk	+13.7	161,169	162,502	141,784
Buttermilk	+ 2.3	60,381	58,747	59,048
Flavored Milk and Drink	+24.8	25,503	24,791	20,431
Creams (Sweet and Sour)	+ 9.0	3,952	3,691	3,625
Yogurt	+77.8	1,323	889	744
Pkg. Items Sub-Total (Pool Plants)	+ 6.9	758,652	757,820	709,635
Other (Shrinkage, Inventory, etc.)		3,246	1,786	624
Sales to Non-Pool Plants	+304.0	208,682	146,015	51,653
In-Area Sales by Non-Pool Plants	+12.2	56,021	53,374	49,914
TOTAL CLASS I MILK	+26.5	1,026,601	958,995	811,826
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+19.5	67,110	58,572	56,180
Cottage Cheese	+25.7	53,131	46,162	42,268
Powdered and Condensed Milk		1,294	4,970	9,509
Livestock Feed and Milk Dumped		7,669	10,092	6,593
Sub-Total - Used to Produce	+12.8	129,204	119,796	114,550
Shrinkage Class II		13,917	14,635	13,928
Other (Inventory Variation, etc.)		(12,605)	31,339	(8,158)
Bulk Sales to Non-Pool Plants	-66.0	158,166	176,524	464,825
TOTAL CLASS II MILK	-50.7	288,682	342,294	585,145
<u>CLASS I PACKAGED POUNDS</u>				
Distributed In Area - Pool Plants	- 0.7	523,459	521,350	527,284
Distributed Out of Area - Pool Plants	+29.0	235,193	236,470	182,351
Distributed In Area - Non-Pool Plants	+12.2	56,021	53,374	49,914
% Producer Milk of Gross Class I		119.6	125.4	151.4
% Producer Milk Priced in Class I		78.2	73.7	58.3

TOTAL PACKAGE CLASS I POUNDS (DAILY AVERAGE) ON ROUTES IN THE
MARKETING AREA BY POOL PLANTS AND NON-POOL PLANTS

	<u>% Feb. '73</u>			
	<u>Over</u>	<u>Feb.</u>	<u>Jan.</u>	<u>Feb.</u>
	<u>Feb. '72</u>	<u>1973</u>	<u>1973</u>	<u>1972</u>
<u>PACKAGE ITEMS</u>				
Homo Milk	- 3.8	382,962	381,850	398,091
Skim	+21.8	18,396	16,999	15,105
2% Milk	+11.8	106,766	106,870	95,456
Buttermilk	- 2.4	47,199	46,132	48,356
Flavored Milk and Drink	+20.5	20,173	19,403	16,735
Fluid Creams and Yogurt	+15.3	3,984	3,470	3,455
Class I Package Pounds - In Area	+ 0.4	579,480	574,724	577,198

COMPUTATION OF PRODUCER UNIFORM PRICE

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FEBRUARY 1973	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		28,744,850	3.073		
Less Other Source		1,870,578	2.785		
Producer Milk Class I	78.2	26,874,272	3.093461	\$7.230703	\$1,943,198.79
Gross Class II		8,083,085	6.732		
Less Other Source		582,125	0.849		
Producer Milk Class II	21.8	7,500,960	7.188813	\$8.327274	624,625.49
TOTAL PRODUCER MILK (Cl.I+Cl.II)	100.0	34,375,232	3.987100		\$2,567,824.28
Add Fractional Adjustment					.06
Add Value of Overage					847.07
Add Value of Class I Other Source and Producer Location Adjustment		7,329	0.00		2,933.92
Add 1/2 Producer-Settlement Fund Reserve					18,550.93
TOTAL VALUE AT TEST		34,382,561	3.986250	\$7.533343	\$2,590,156.26
Less Test over 3.5% @ 8.0¢ per point		34,382,561	.486250	0.389000	133,748.16
TOTAL UTILIZATION VALUE AT 3.5%		34,382,561	3.5	7.144343	\$2,456,408.10
Less Producer Settlement Fund Reserve		34,382,561		0.044343	15,246.26
PRODUCER UNIFORM PRICE - 3.5% TEST		34,382,561	3.5	\$7.10	\$2,441,161.84

FEBRUARY 1973 MINIMUM PRODUCER PRICES CWT. f.o.b. POOL PLANTS (C-65 mile zone)
 BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$6.70	3.6	\$7.18	4.2	\$7.66	4.8	\$8.14	5.4	\$8.62
3.05	6.74	3.65	7.22	4.25	7.70	4.85	8.18	5.45	8.66
3.1	6.78	3.7	7.26	4.3	7.74	4.9	8.22	5.5	8.70
3.15	6.82	3.75	7.30	4.35	7.78	4.95	8.26	5.55	8.74
3.2	6.86	3.8	7.34	4.4	7.82	5.0	8.30	5.6	8.78
3.25	6.90	3.85	7.38	4.45	7.86	5.05	8.34	5.65	8.82
3.3	6.94	3.9	7.42	4.5	7.90	5.1	8.38	5.7	8.86
3.35	6.98	3.95	7.46	4.55	7.94	5.15	8.42	5.75	8.90
3.4	7.02	4.0	7.50	4.6	7.98	5.2	8.46	5.8	8.94
3.45	7.06	4.05	7.54	4.65	8.02	5.25	8.50	5.85	8.98
3.5	7.10	4.1	7.58	4.7	8.06	5.3	8.54	5.9	9.02
3.55	7.14	4.15	7.62	4.75	8.10	5.35	8.58	5.95	9.06

PRODUCER MILK BASES - 1973

Federal Order Milk bases for producers were announced February 28, 1973. Milk Bases were established during September 1972 through January 1973. These bases are to be used for calculating payment to producers for milk deliveries during March through July 1973. If you have not received your Milk Base Notice, please notify the Market Administrator, P. O. Box 8085, Chattanooga, Tennessee 37411.

A total of 761 Chattanooga dairymen were issued a milk base for use during the Base-Excess pay periods of March through July 1973. The 1973 total daily milk base was 1,233,484 pounds. For 1972, a total of 1,204,686 pounds was earned and announced for 755 producers.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/ Class I Class II			
	Uniform	Base	Excess	Bf. Dif	Cwt.	Bf. Dif.	Cwt.	Bf. Dif.
Feb. '72	\$6.20	-	-	8.0¢	\$7.08	8.1¢	\$4.97	7.8¢
Mar.	6.23 2/	\$6.35	\$5.04	8.0	7.12	8.1	5.04	7.8
Apr.	6.10 2/	6.25	4.96	8.0	7.12	8.1	4.96	7.8
May	6.12 2/	6.26	4.94	8.0	7.19	8.1	4.94	7.8
June	6.19 2/	6.30	4.95	8.0	7.11	8.1	4.95	7.8
July	6.46 2/	6.60	5.01	8.0	7.09	8.1	5.01	7.8
Aug.	6.50	-	-	8.0	7.10	8.1	5.07	8.0
Sept.	6.72	-	-	8.2	7.16	8.3	5.10	8.1
Oct.	6.73	-	-	8.2	7.22	8.4	5.18	8.0
Nov.	6.92	-	-	8.2	7.25	8.3	5.32	8.0
Dec.	6.91	-	-	8.2	7.33	8.3	5.41	8.1
Jan. '73	6.90	-	-	8.2	7.47	8.5	5.43	7.8
Feb.	7.10	-	-	8.0	7.56	8.1	5.45	7.8
Mar.	-	-	-	-	7.58	8.1	-	-
Apr.	-	-	-	-	7.60	-	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE (Daily Average)					
	Chi. 92° Butter	Chi. Area Powder	Minn/Wisc. Mfg. Milk	Class I		Class II		Percentage Use	
	¢ Lb.	¢ Lb.	Cwt. -3.5%	Pounds	Test-%	Pounds	Test-%	Cl. I	Cl. II
Feb. '72	67.78	31.41	\$4.97	717,023	3.23	512,306	5.07	58.3	41.7
Mar.	67.78	31.44	5.04	715,940	3.18	524,310	4.79	57.7	42.3
Apr.	67.71	31.46	4.96	677,865	3.14	609,946	4.45	52.6	47.4
May	67.71	31.36	4.94	663,443	3.22	604,609	4.16	52.3	47.7
June	67.71	31.37	4.95	680,498	3.12	503,552	4.43	57.5	42.5
July	67.84	31.45	5.01	806,185	3.19	348,766	4.79	69.8	30.2
Aug.	69.50	31.67	5.07	881,026	3.15	367,422	4.72	70.6	29.4
Sept.	70.25	31.83	5.10	1,013,082	3.21	276,604	5.24	78.6	21.4
Oct.	69.38	33.70	5.18	988,985	3.21	302,983	5.74	76.5	23.5
Nov.	69.29	34.99	5.32	981,185	3.17	198,072	7.50	83.2	16.8
Dec.	70.49	37.36	5.41	920,115	3.15	254,774	6.93	78.3	21.7
Jan. '73	67.72	39.06	5.43	885,877	3.04	316,704	6.53	73.7	26.3
Feb.	67.71	40.34	5.45	959,795	3.09	267,892	7.19	78.2	21.8

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/				PRODUCER DATA				
	No. Hdlers	Total Receipts	Class I Use	Pool Plants	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av. Per Farm
Feb. '72	21	1,396,971	811,826	7	761	1,229,329	-	4.00	1,615
Mar.	21	1,416,663	804,428	6	754	1,240,250	1,129,789	3.86	1,645
Apr.	21	1,465,359	765,713	7	749	1,287,811	1,148,033	3.76	1,719
May	21	1,472,482	755,899	7	745	1,268,052	1,136,103	3.67	1,702
June	21	1,346,627	771,942	7	745	1,184,050	1,088,364	3.67	1,589
July	21	1,336,101	910,607	7	741	1,154,951	1,053,562	3.67	1,559
Aug.	20	1,399,884	986,748	7	784	1,248,448	-	3.61	1,592
Sept.	20	1,431,164	1,123,583	7	786	1,289,686	-	3.64	1,641
Oct.	19	1,440,419	1,096,711	7	778	1,291,968	-	3.80	1,661
Nov.	18	1,306,518	1,054,189	7	722	1,179,257	-	3.90	1,633
Dec.	19	1,295,846	981,606	7	723	1,174,889	-	3.97	1,625
Jan. '73	18	1,301,289	958,995	6	769	1,202,581	-	3.96	1,564
Feb.	18	1,315,283	1,026,601	6	745	1,227,687	-	3.99	1,648

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I